

GROUND LEASE

THIS GROUND LEASE is made and entered into this 29<sup>th</sup> day of November, 1986 by and between Montgomery County, Maryland, a body corporate and politic having its principal offices at 101 Monroe Street, Rockville, MD 20850, (hereinafter called "LESSOR"), and The Hebrew Home of Greater Washington, Inc., having its principal offices at 6121 Montrose Road, Rockville, Maryland 20852 (hereinafter called "LESSEE").

NOW, THEREFORE, the parties hereto intending to be legally bound hereby, do agree as follows:

1. Grant and Premises

A. For and in consideration of the rents, conditions, covenants and agreements herein contained, LESSOR does hereby demise and let to LESSEE, and LESSEE does hereby hire and take from LESSOR, that certain tract of land in Montgomery County, Maryland located at 300 Lorraine Drive, Rockville, Maryland, including a building referred to and known as the Congressional Elementary School, the legal description which is based on the Tax Maps is as follows:

Map GQ, Parcel 000, Subdivision 218 Block "M", Lot 7, Grid 53 "Token of Love Land",

together with any and all rights, privileges, easements and appurtenances thereunto belonging, pertaining or benefitting, all of the foregoing

sometimes hereinafter being referred to as the "Demised Premises." This Lease does not convey a leasehold interest in any building(s) and improvements consisting of approximately 250 units of multi-family housing for rental to elderly families and individuals (collectively, the "Improvements") to be erected by LESSEE on the Demised Premises, and except as otherwise provided for herein, title to them shall reside with LESSEE. (The Improvements together with the Demised Premises shall hereinafter be referred to as the "Project.")

B. LESSOR represents and warrants to LESSEE that: (1) LESSOR is, or will be upon State Approval, vested with fee simple absolute title to the Demised Premises subject only to such encumbrances, covenants, conditions and restrictions, if any, which appear of record, and (ii) LESSOR has full right and authority to enter into this Lease which may require approval by the State and thereafter to perform all the terms, covenants and conditions hereof.

Section 2. Term. The term of this Lease shall begin on the date hereof (the "Commencement Date"), and continue for ninety-nine (99) years from the date upon which the construction of the Project is finally completed as certified by the Project architect (the "Lease Term") unless the Lease Term is terminated sooner as provided in this Lease. Upon the termination of the Lease Term by lapse of time or otherwise, the Improvements shall, without further payment therefor, become the property of LESSOR.

It is LESSEE's intention 1) that the Project participate in the County's Rent Supplement Incentive Program to assist in the subsidy of rents to tenants, and (2) to finance the construction of the Project with tax-exempt revenue bonds to be issued and sold by the Housing Opportunities Commission of Montgomery County or the Community Development Administration of the State of Maryland for the benefit of LESSEE. In the event that 1) the Rent Supplement Incentive Program or 2) the tax-exempt bond financing is not available to LESSEE within twelve (12) months of the Commencement Date, then this Lease shall, at the option of the LESSEE upon written notice from LESSEE to LESSOR within thirty (30) days after the expiration of the first twelve (12) months of the Lease Term, become null and void.

Section 3. Rent. LESSEE shall pay to LESSOR as net rent the sum of One Dollar (\$1.00) per annum on each anniversary date of this Lease Agreement during the Lease Term, at such place as LESSOR shall designate.

Section 4. Use of Project. LESSEE shall use the Project solely for housing persons who are sixty-two years of age and older ("Tenants"). Rental assistance will be made available by the LESSEE to Tenants whose low and moderate incomes make them eligible for assistance pursuant to the Income/Rental Schedule to be established by agreement by and between LESSOR and LESSEE not later than at the time of the closing of the First Mortgage Loan on the Project as is hereinafter defined (the "Rental Schedule"). LESSEE may increase rents to the Tenants after the first full year after written notice advising that operation of the Project has

commenced, in an amount not to exceed a percentage equal to the percentage increase in the Consumer Price Index for Residential Rental Housing in the Washinton, D.C. metropolitan area (CPI) as reported for the year next preceding the year in which the rental increase is to take effect, provided that any extraordinary utility costs for which LESSEE becomes liable will be passed through for payment by the Tenants. Extraordinary increase in utility costs will be deemed to have occurred when utility costs for the most recent full year of operation exceed the utility costs for the next preceding full year of operation by an amount greater than 10 percent of the increase in the CPI, 1/250 of which amount may be passed through to each tenant. Increases in rentals to the Tenants may be implemented promptly after LESSOR and LESSEE execute an amendment(s) to the Rental Schedule to reflect the increase in rentals.

#### Section 5. Taxes and Utility Expenses

- (a) (1) LESSEE shall, during the Lease Term, as additional rent to the County, pay and discharge punctually, as and when the same shall become due and payable, all taxes, special and general assessments, water rents, rates and charges, sewer rents and other governmental impositions and charges of every kind and nature whatsoever, extraordinary as well as ordinary (collectively, the "Taxes"), and each and every installment thereof which shall or may during the term of this Lease be charged, levied, laid, assessed, imposed, become due and payable,

or liens upon or for or with respect to the Project or any part thereof, or for any buildings, appurtenances or equipment owned by LESSEE thereon or therein or any part thereof, together with all interest and penalties thereon, under or by virtue of all present or future laws, ordinances, requirements, order, directives, rules or regulations of the federal, state, county, town and city governments and of all other governmental authorities whatsoever (all of which shall be included in the term "Taxes" as heretofore defined) and all sewer rents and charges for water, steam, heat, gas, hot water, electricity, light and power, and other service or services, furnished to the Project or the occupants thereof during the Lease Term (collectively, the "Utility Expenses"). It is the express intention of the parties that the rent payable to the LESSOR is absolutely net so that this Lease shall yield such rent to LESSOR free of any charges, 1) assessments, taxes utility expenses, or deductions of any kind charged, assessed or imposed on or against the Project and LESSOR shall not be expected or required to pay any such charge, assessment taxes, utility expenses. All costs, expenses and obligations of any kind relating to the possession, construction operation and maintenance fo the Project which may arise during the Lease Term shall be promptly paid or satisfied by the LESSEE.

(2) To the extent that the same may be permitted by law, LESSEE or its designee(s) shall have the right to request of the

appropriate authority that any assessment for local improvements assessed during the Lease Term be payable in annual installments; provided, however, that the entire amount of any such assessment shall be paid by LESSEE prior to the expiration or earlier termination of the Lease Term; and provided, further, that LESSEE shall pay and discharge punctually all installments of such assessment installments as shall become due and payable during the Lease Term.

(b) All the Taxes except such installments as provided in Section 5(a)(2) which shall be assessed during the calendar or fiscal tax years, as the case may be, in which the Lease Term expires, shall be apportioned pro rata between LESSOR and LESSEE in accordance with the respective portion of such year during which the Lease Term is in effect.

(c) (1) LESSEE shall have the right to contest in good faith and with due diligence all the Taxes by appropriate legal proceedings, or in such other manner as it may deem suitable, which proceedings, if instituted, LESSEE shall conduct promptly, at its own cost and expense, and free of any cost or expense to LESSOR, and if necessary, in the name of and with the cooperation of LESSOR, and LESSOR shall execute all documents necessary to accomplish the foregoing. Notwithstanding the foregoing, LESSEE shall promptly pay all the Taxes if at any time the Project or

any part thereof shall then be immediately subject to forfeiture or if LESSOR shall be subject to any liability arising out of the nonpayment of the contested tax.

(2) The legal proceedings referred to in Section 5(c)(1) shall include appropriate proceedings and appeals from orders therein and appeals from any judgments, decrees or orders. In the event of any reduction, cancellation or discharge, LESSEE shall pay the amount finally levied or assessed against the Project or adjudicated to be due and payable.

(d) If there shall be any refunds or rebates on account of the Taxes paid by LESSEE under the provisions of this Lease, such refund or rebate shall belong to LESSEE. Any refunds received by LESSOR attributable to a lease year or partial lease year shall belong to LESSEE. Any refunds received by LESSOR shall be deemed trust funds and as such are to be received by LESSOR in trust and paid to LESSEE. LESSOR shall, upon the request of LESSEE, sign any receipts which may be necessary to secure the payment of any such refund or rebate, and shall pay over to LESSEE such refund or rebate as received by LESSOR. LESSOR shall on request of LESSEE at any time, and from time to time, but without cost to LESSOR, make application individually, if legally required, or join in LESSEE's application, if legally required, for separate

tax assessments for such portions of the Project as LESSEE shall at any time, and from time to time, designate. LESSOR shall, upon request of LESSEE but without cost to LESSOR, execute such instruments and give LESSEE such assistance in connection with such applications as shall be required by LESSEE. Separate tax assessments for the Project shall not relieve LESSEE of the obligation to pay any assessment attributable to the Project.

- (e) Nothing contained in this Lease shall require or be construed to require LESSEE to pay any inheritance, estate, succession, transfer, gift, franchise, income or profit taxes, that are or may be imposed upon LESSOR, its successors or assigns.

Section 6. Improvements, Repairs, Additions, Replacements.

- (a) LESSEE shall, and shall have the right to, commence construction of the Improvements and/or rehabilitation of the school with additional new construction on the Demised Premises no later than twelve (12) months after the date of the Lease (or such other later date as may be agreed upon by LESSOR and LESSEE), and, thereafter, will diligently pursue the completion of construction of the Improvements. Commencement of construction of the improvements will cause LESSEE's option to terminate this Lease, as contained in Section 2, to become null and void. The Improvements will consist of a building



containing approximately two hundred fifty (250) dwelling units, parking areas, driveways, walks, gardens and other related improvements as LESSEE shall determine, provided, however, that the same shall be in compliance with all applicable building codes and ordinances and in accordance with plans and specifications as approved in writing by LESSOR.

(b) LESSEE shall, at all times during the Lease Term, at its own cost and expense, keep and maintain or cause to be kept and maintained in good repair and good condition the Improvements and appurtenances at any time erected on the Parcel and such other improvements as may hereafter be situated on the Demised Premises, and all adjoining sidewalks, driveways, parking areas, curbs, and gutters, and LESSEE shall prevent waste, and use all reasonable precautions to prevent damage or injury to the Project. LESSOR shall not be required to furnish any services or facilities or to make any improvements, repairs or alterations in or to the Project during the Lease Term.

(c) LESSEE may, at its option and at its own cost and expense, at any time and from time to time, with the written consent of LESSOR, make such alterations, changes, replacements, improvements and additions in and to the Project, provided that any alteration or addition (i) shall not change the general character or use of the Project as provided in Section 4 of this

Lease or reduce the fair market value of the Project below its value immediately prior to such alteration or addition, (ii) shall not change the basic structure of the LESSEE constructed Improvements, (iii) shall be effected with due diligence and in a workmanlike manner, (iv) shall be promptly and fully paid by LESSEE, and (v) shall be made in accordance with plans and specifications approved by LESSOR. Consent of LESSOR shall not be required for alterations, changes, replacements, improvements and additions which do not exceed Fifty Thousand Dollars (\$50,000.00) in the aggregate.

- (d) LESSEE shall not demolish all or any part of the Improvements without the prior written consent of LESSOR.
- (e) Until the expiration or sooner termination of this Lease, title to the Improvements, including any building or buildings or improvements situated or erected on the Demised Premises and building equipment and other items installed thereon and any alteration, change or addition thereto shall remain solely in LESSEE, and LESSEE shall be entitled to deduct all depreciation on LESSEE's income tax returns for the Improvements.
- (f) On the expiration or sooner termination of the Lease Term, LESSEE shall quit and surrender the Project in good condition and repair, free and clear of all liens and encumbrances except as previously permitted by LESSOR.

Section 7. Requirements of Public Authority.

- (a) During the Lease Term, LESSEE shall, at its own cost and expense, promptly observe and comply with and cause its Tenants to observe promptly and comply with all present and future laws, ordinances, requirements, orders, directives, rules and regulations of the federal, state, county, town and city governments and of all governmental authorities whatsoever affecting the Project or any part thereof whether the same are in force at the commencement of the Lease Term or may in the future be passed, enacted or directed. LESSEE will comply with the terms and conditions of the Loan Agreement and other documents and instruments relating directly to the Mortgage Loan which may be made by the Housing Opportunities Commission of Montgomery County or other lender to the LESSEE in connection with the development and construction of the Project (the "First Mortgage Loan").
- (b) LESSEE shall have the right to contest in good faith and with due diligence by appropriate legal proceedings, in the name of LESSEE, without cost or expense to LESSOR, the validity or application of any law, ordinance, requirement, order, directive, rule or regulation of the nature referred to in Section 8(a), and if the terms of any such law, ordinance, requirement, order, directive, rule or regulation, compliance therewith may legally

be delayed pending the prosecution of any such proceeding, LESSEE may delay, without cost or expense to LESSOR, such compliance therewith until the final determination of such proceeding.

- (c) LESSOR shall, without cost or expense to LESSOR, execute and deliver any appropriate papers or other instruments which may be necessary or proper to permit LESSEE to contest the validity or application of any such law, ordinance, requirement, order, directive, rule or regulation.

Section 8. Covenant Against Liens.

If, because of any act or omission of LESSEE, any mechanic's lien or other lien, charge or order for the payment of money shall be filed against LESSOR or any portion of the Project, LESSEE shall, at its own cost and expense, cause the same to be promptly discharged of record or bonded within the number of days allowed by law, but not more than ninety (90) days after the filing thereof; and LESSEE shall indemnify and save harmless LESSOR against and from all liabilities, claims, damages, penalties, causes of action, costs, expenses or judgments, including reasonable attorney's fees.

Section 9. Indemnity and Insurance.

LESSEE shall indemnify and save LESSOR harmless from any liability or expense of any nature arising from injury to person or property on or about the Demised Premises or the Project or in connection with LESSEE's use and/or operation of the Demised Premises other than for the negligent or intentional acts or omissions of LESSOR. LESSEE shall maintain public liability insurance and fire and extended coverage insurance in such amounts as LESSOR shall reasonably determine. All such insurance policies shall name LESSOR as a co-insured and shall prohibit the cancellation of such policies or the reduction of benefits thereunder without reasonable prior written notice to LESSOR. Certified true copies of all such policies shall be deposited with LESSOR. LESSEE shall provide to LESSOR annually, upon the anniversary of the Commencement Date, certificates evidencing the extensions of the foregoing insurance policies.

Section 10. Destruction.

The respective obligations of LESSOR and LESSEE shall not be affected by fire or other casualty. LESSOR shall not be entitled to, and shall have no interest in, any proceeds payable at any time or from time to time by any insurance company under any policy of insurance covering any building, structure or improvement on the Demised Premises, or the contents thereof, or any other similar

insurance policy carried by or for the benefit of LESSEE so long as such proceeds are promptly used for the restoration of the Property, or any sublessee, assignee or leasehold mortgagee ("Insurance Proceeds"). As to any building, structure or improvement damaged or destroyed by fire or casualty, LESSEE may, with LESSOR's consent and subject to any requirements of any mortgage or mortgagees elect either to cause such damage or destruction to be repaired or restored, or to cause the damaged or destroyed building to be demolished, provided, however, that in the event that LESSOR wishes to have such damage or destruction repaired or restored, and the Insurance Proceeds are not sufficient to cover, in full, the costs of such repair or restoration ("Restoration Costs"), LESSOR will make available to LESSEE funds sufficient to cover that difference between the Restoration Costs and the Insurance Proceeds.

Section 11. Condemnation.

- (a) If all or substantially all of the Project shall be taken for any public or quasi-public use under any statute or by right of eminent domain or by private purchase in lieu thereof, then this Lease shall automatically terminate as of the date on which possession is required (or agreed) to be surrendered to the condemning authority. In the event of a partial taking (or purchase under threat of condemnation) of the Project which renders the uncondemned portion unsuitable for the business or

intended use of the occupant or occupants thereof, LESSEE shall have the right, but not the obligation, to terminate this Lease by giving written notice of such termination to LESSOR within ninety (90) days of the date on which possession of the condemned portion of the Property is required, and upon the giving of such notice of termination, the term of this Lease shall expire on the date on which possession is required (or agreed) to be surrendered to the condemning authority, with the same force and effect as if said day had been originally fixed herein as the expiration date of the term of this Lease, provided, however, that no notice of termination as described in this subparagraph (a) shall be effective unless the Mortgagee shall consent thereto in writing. In the event the Lease shall terminate or shall be terminated, the rental shall, if and when necessary, be adjusted to the date of termination and neither party shall have any further rights or liabilities hereunder.

- (b) In the event of a taking (or purchase) resulting in the termination of this Lease pursuant to the provisions of subparagraph (a) hereof the parties hereto agree to cooperate in applying for and in prosecuting any claim for such taking and further agree that the aggregate net award, after deducting all expenses and costs (including attorneys' fees) incurrent in connection therewith, shall be divided between LESSOR and LESSEE as the awarding court shall determine and shall be distributed, subject to the provisions of subparagraph (d) hereof, as follows:

(i) Out of LESSOR's share, there shall first be paid amounts due any holders of liens upon LESSOR's estate in the Demised Premises, and the balance of LESSOR's share shall be paid to LESSOR for distribution to the parties having interest therein; and

(ii) Out of LESSEE's share, there shall first be paid amounts due any holders of liens upon LESSEE's estate (including the First Mortgage or any other Mortgages); second, there shall be paid any unpaid rent as described in Paragraph 3 of this Lease; and the balance of LESSEE's share shall be paid to LESSEE for distribution to the parties having interests therein.

(c) In the Event of a partial taking (or purchase) not resulting in the termination of this Lease pursuant to the provisions of subparagraph (a) and subject to the provisions of subparagraph (d) hereof:

(i) The Rent payable hereunder shall be proportionately reduced by an amount equal to the percentage of the prior calendar year's rental income to the LESSEE derived from the portion of the Improvements subject to the partial taking;



(ii) Out of LESSOR's portion of the aggregate net award, after deducting all of its expenses and costs of the LESSOR's action as LESSOR and not as condemning authority (if applicable), there shall first be paid amounts due any holders of liens upon LESSOR's estate, if any, and the balance of LESSOR's share shall be paid to LESSOR for distribution to the parties having interest therein; and

(iii) The LESSEE's portion of the aggregate net award, after deducting all of its expenses and costs (including attorney's fees) incurred in connection therewith, shall be held by LESSEE or the then existing holder of a first mortgage loan on the Project (first mortgagee) and may be used by LESSEE or the first mortgagee to repair and restore that portion of the premises not taken (or purchased) to the condition which it was in prior to such condemnation. Any excess of the award over the amount so used to repair and restore shall be paid first to the first mortgagee in reduction of the balance of the First Mortgage; and any amount remaining shall next be applied to the payment to LESSOR of any unpaid rent as described in Paragraph 3 of this Lease, which relates to that portion of the Demised Premises that has been taken (or purchased). Any amount remaining thereafter shall then be paid to LESSEE.

- (d) LESSOR and LESSEE agree that, for the purposes of dividing any award for a partial or total taking of the Project, the parties and any court shall be guided by the relative values of the Demised Premises and the Improvements as determined by an MAI appraiser selected by both LESSEE and LESSOR, provided, however, that, for purposes of this Paragraph 14, in no event shall either the value attributed to, or the amount paid to LESSOR on account of its interest in the Demised Premises exceed an amount equal to the difference between the market value of the Project at the time of the award less the value of the Improvements using the "replacement cost less depreciation" method of evaluating the improvements.

Section 12. Utility Easements.

LESSEE shall have the right to enter into reasonable agreements with utility companies creating easements in favor of such companies as are required in order to service the Project, and LESSOR shall consent thereto and shall execute any and all documents, agreements and instruments which meet with LESSOR's reasonable approval as to content of the documents, agreements and instruments and the location of the easements, and take all other actions, in order to effectuate the same, all at LESSEE's cost and expense.

Section 13. Selection/Certification of Assisted Tenants.

No person or family shall be approved for occupancy or shall be permitted to occupy any dwelling unit in the Project as an Assisted Tenant unless at the time of such approval, the person or family certifies on the application for occupancy that the income of such person or family makes him/her/them eligible as an Assisted Tenant pursuant to the standards set forth on the Rental Schedule and a Marketing Plan approved by LESSOR. Whenever requested by LESSOR, LESSEE shall obtain and verify re-certifications of income and assets and other criteria of eligibility as set forth on the Rental Schedule from residents of the Project. No Assisted Tenant shall be permitted to continue to occupy any assisted dwelling unit in the Project or any portion thereof, if based on such re-certification or verification thereof, such tenant does not meet the requirements for eligibility set forth above. Occupancy of the Project shall be open to all regardless of race, color, religion, creed or sex, national origin, ancestry, marital status, physical or mental handicap and LESSEE, to the extent it has employees, and all contractors and subcontractors engaged in the construction, marketing or management of the Project, shall provide an equal opportunity for employment without discrimination as to race, color, religion, creed or sex.

Section 14. Assignment.

- (a) LESSEE shall not sell the Improvements or assign this Lease or its interest in the Project without the prior written consent of LESSOR, which consent shall not be unreasonably withheld, provided that: (i) the LESSEE shall not be in default hereunder; (ii) the Project continues to be operated in conformance with the provisions of this Lease; (iii) the assignee shall be willing and financially capable of complying with all of the terms and conditions of this Lease.
- (b) Consent to any sale of the Improvements by LESSEE or assignment of this Lease shall not be deemed to be a consent to any subsequent sale of the Improvements or assignment of this Lease, which subsequent sales of the Improvements or assignments of this Lease shall be subject to the provisions of this Section 14.

Section 15. Refinancing.

- (a) LESSEE shall not refinance the Project in whole or in part without the prior written consent of LESSOR, which consent will not be unreasonably withheld provided that (i) the LESSEE shall not be in default hereunder, and (ii) the LESSEE is capable, financially and otherwise, of complying with the terms of the refinancing while remaining in compliance with the terms of all agreements between LESSOR and LESSEE relating to the Project.

- (b) Consent to any refinancing shall not be deemed to be a consent to any subsequent refinancing, which subsequent refinancings shall be subject to the provisions of this Section 15.

Section 16. Subordination.

- (a) LESSEE shall at all times during the term of this Lease have the right to mortgage or convey by trust deed or other instrument adequate for the purpose of securing any actual bona fide debt, this Lease or the leasehold interest of the LESSEE created by it together with all its right and interest in the Improvements now on or hereafter to be placed upon the Demised Premises, provided always that (i) any such mortgage, conveyance or encumbrance will at all times be subject to and inferior to the prior right, title and interest of the LESSOR in and to the Project as and for security for the full and faithful performance of the covenants, terms and conditions of this Lease by the LESSEE, and (ii) no such mortgage, conveyance or encumbrance shall provide for or require the making by LESSEE of any principal, interest, or other payment or payments after the expiration of this Lease on the date of termination specified in Section 2 hereof.

(b) In the event of any breach or default of any of the covenants, terms or conditions of this Lease by the LESSEE, the holder of the mortgage, the Trust Deed or other instrument above provided for, before forfeiture may, within sixty (60) days of written notice of an Event of Default, make any and all payments, and do and perform all acts or things which may be necessary or required to prevent a forfeiture of said Lease, and shall thereby and thereupon be subrogated to all the right of the LESSEE under the Lease. In furtherance of this provision, the LESSOR covenants and agrees that if the holder of any said mortgage, Trust Deed or other instrument above referred to, notifies said LESSOR in writing that such mortgage, deed or other instrument has been executed and delivered by the LESSEE to it, together with the address to which it desires them to be sent, then, LESSOR, will send to the said holder at the address specified, copies of all written notices or demands which it may serve upon the said LESSEE under and pursuant to the terms of this Lease or otherwise.

(c) The mortgagee or trustee above referred to shall in no way be liable to the LESSOR for the payment of any rents or additional rents or for the performance of any other covenants, terms or conditions of or under this Lease until such time as it shall acquire, by conveyance from LESSEE, or by foreclosure or other proceedings provided by law or the terms of the mortgage or deed of trust, all the right, title and interest of LESSEE under this Lease, but any person who shall acquire said right, title and

interest of LESSEE as above provided, shall thereupon and thereby become liable for the full performance and payments provided for and required under the covenants, terms and conditions of the Lease, as fully and completely and to the same extent as the LESSEE itself should have been if it still had retained its right, title and interest thereunder.

Section 17. Events of Default.

(a) Any one or more of the following events which occurs and is not remedied as hereinafter provided shall be an Event of Default under this Lease:

(1) If LESSEE shall fail to pay any Rent or additional rent when and as the same becomes due and payable; or

(2) If LESSEE shall fail to pay any of the Taxes and the Utility Expenses or any other sums required under this Lease when and as the same become due and payable and such failure shall continue for more than thirty (30) days; or

(3) If LESSEE shall fail to perform or comply with any term of this Lease and such failure shall continue for more than thirty (30) days after notice thereof from LESSOR, and LESSEE shall not, within such period, commence with due diligence and dispatch the curing of such default, or, having so commenced, shall thereafter fail or neglect to prosecute or complete with due diligence and dispatch the curing of such default; or

Section 18. LESSEE's Option to Purchase Premises.

For a period of fifty (50) years from the Commencement date, LESSOR herein grants the right to purchase the Demised Premises to the LESSEE or to an entity caused to exist by the LESSEE or the Board of the Hebrew Home of Greater Washington, Inc., for the purchase price of One Million Dollars (\$1,000,000.00) and upon such other terms of sale as the parties may mutually agree upon. The purchase agreement shall require that a covenant be recorded prior to the transfer of title restricting the use of the Demised Premises to: 1) providing housing for the elderly; 2) the provision of day care and meals for the elderly; and 3) the provision of subsidized health care by a health maintenance organization or similar health facility.

Notwithstanding the foregoing, this option shall cease, expire and terminate upon a termination of the Lease or repossession of the Project prior to the expiration of the fifty (50) years.

In the event of condemnation or other taking pursuant to Section 11, LESSEE shall have no entitlement to damages for loss of the option as it relates to all or a portion of the Demised Premises.



Section 19. Waivers.

Failure of LESSOR or LESSEE to complain of any act or omission on the part of the other party no matter how long the same may continue, shall not be deemed to be a waiver by said party of any of its rights under this Lease unless such waiver shall have been made in writing. No waiver by LESSOR or LESSEE at any time, express or implied, of any breach of any provision of this Lease shall be deemed a waiver of a breach of any other provision of this Lease or a consent to any subsequent breach of the same or any other provision.

Section 20. Remedies Cumulative.

Each right, power and remedy of LESSOR provided for in this Lease now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise, and the exercise or beginning of the exercise by LESSOR of any one or more of the rights, powers or remedies provided for in this Lease or now or hereafter existing at law or in equity or by statute or otherwise shall not preclude the simultaneous or later exercise by LESSOR of any or all such other rights, powers or remedies.

Section 21. Force Majeure.

In the event that LESSOR or LESSEE shall be delayed, hindered in or prevented from the performance of any act required under this Lease by reason of strikes, lockouts, labor troubles, inability to procure materials, failure of power, restrictive governmental laws or regulations, riots, insurrection, the act, failure to act or default of the other party, war or other reason beyond their control, then performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay.

Section 22. Notices.

Every notice, approval, consent or other communication authorized or required by this Lease shall not be effective unless same shall be in writing and sent postage prepaid by United States registered or certified mail, return receipt requested, directed to LESSOR at 101 Monroe Street, Rockville, Maryland 20850, attention: Chief Administrative Officer and directed to LESSEE at 6121 Montrose Road, Rockville, Maryland 20852, or at such address as

either party may hereunder shall designate in writing. The rent payable by LESSEE hereunder shall be paid to LESSOR at the same place where a notice to LESSOR is herein required to be directed.

Section 23. Certificates.

Either party shall, without charge, at any time and from time to time hereafter, within ten (10) days after written request by the other, certify by written instrument as to whether this Lease has been supplemented or amended and, if so, the substance and manner of such supplement or amendment; as to the validity and force and effect of this Lease, in accordance with its tenor as then constituted; as to the existence of any default thereunder; as to the existence of any offsets, counterclaims or defenses thereto on the part of such other party; as to the commencement and expiration dates of the Lease Term; and as to any other matters as may reasonably be so requested. Any such certificate may be relied upon by the party requesting it and any other person, firm or corporation to whom the same may be exhibited or delivered, and the contents of all such certificates shall be binding on the party executing the same.

Section 24. Consents.

The granting of any consent as required under this Lease shall not be deemed a consent to any subsequent event for which consent is required.

Section 25. Nonmerger.

There shall be no merger by reason of any grant by way of mortgage or assignment of mortgage from LESSEE to LESSOR and the same rights and remedies exist as if LESSOR had no other interest or estate in the Project than the one granted.

Section 26. Partial Invalidity.

If any term, covenant, condition or provision of this Lease or the application thereof to any person or circumstances shall, at any time or to any extent, be invalid or unenforceable, the remainder of this Lease, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant, condition and provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

Section 27. Short Form Lease.

The parties will at any time, at the request of either one, promptly execute duplicate originals of an instrument, in recordable form, which will constitute a short form of lease as may be required by applicable law.

Section 28. Interpretation.

Wherever herein the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require. The section headings used herein are for reference and convenience only, and shall not enter into interpretation hereof. This Lease may be executed in several counterparts, each of which shall be an original, but all of which shall constitute one and the same instrument. The terms "LESSOR" and LESSEE" whenever used herein shall mean only the owner at the time of LESSOR's or LESSEE's interest herein, and, upon any sale or assignment of the interest of either LESSOR or LESSEE herein, their respective successors in interest and/or assigns shall, during the term of their ownership of their respective estates herein, be deemed to be LESSOR or LESSEE, as the case may be.

Section 29. Entire Agreement.

No oral statement or prior written matter shall have any force or effect. LESSEE agrees that it is not relying on any representations or agreements other than those contained or referenced in this Lease. This Lease shall be amended, modified or cancelled only by writing subscribed by all parties hereto.

Section 30. Parties.

Except as herein otherwise expressly provided, the covenants, conditions and agreements contained in this Lease shall bind and inure to the benefit of LESSOR and LESSEE and their repective heirs, successors, administrators and assigns.

Section 31. Right of Entry.

LESSOR shall have the right to enter upon, show to third parties and inspect the Project for the purpose of determining the condition of the Project and ascertaining LESSEE's observation and performance of its obligations hereunder, or for any other reasonable purpose, LESSOR shall not unreasonably hinder or interfere with the LESSEE or any of its Tenants. This right of entry shall be exercised by LESSOR at reasonable times and upon reasonable notice, except in the case of emergency.

Section 32. Compliance with Subleases.

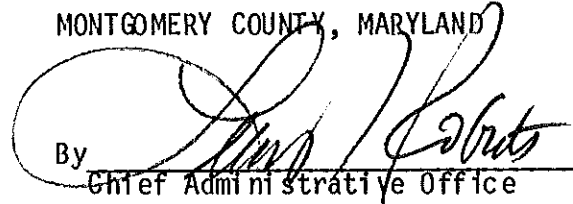
LESSEE shall fully and faithfully comply with the terms and conditions of the leases which it has with its Tenants unless its compliance is excused by a specific Tenant or a court of law.

( SIGNATURE PAGE FOLLOWS )

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

LESSOR:

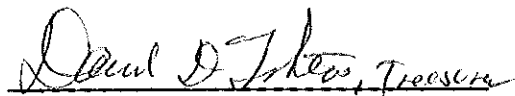
MONTGOMERY COUNTY, MARYLAND

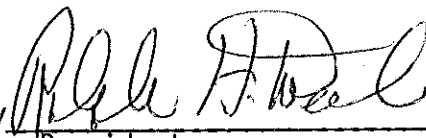
By   
Chief Administrative Office

WITNESS:

LESSEE:

By THE HEBREW HOME OF GREATER  
WASHINGTON, INC.

  
Treasurer

By   
President

Approved as to form and legality.

By:   
Office of the County Attorney

Date: 11/29/80

(ACKNOWLEDGEMENT PAGE FOLLOWS)

STATE OF MARYLAND                    )  
   ) SS  
 COUNTY OF MONTGOMERY            )

I hereby certify that on this 29th day of November, 1986, before me, the subscriber, a Notary Public in and for the State and County aforesaid, personally appeared Lewis T. Roberts, Chief Administrative Officer of the government of Montgomery County, Maryland, a public body corporate and politic established under the laws of the State of Maryland, and acknowledged the foregoing Lease to be the act of Montgomery County, Maryland and he acknowledged to me that he executed the said Lease for the purposes therein contained.

AS WITNESS my hand and Notarial Seal.

Theresa C. Magruder  
 Notary Public

My Commission expires: 7/1/90

STATE OF MARYLAND                    )  
   ) SS  
 COUNTY OF MONTGOMERY            )

I hereby certify that on this 29 day of November, 1986, before me, the subscriber, a Notary Public in and for the State of Maryland, personally appeared Ralph Dickelbaum, President of The Hebrew Home of Greater Washington, Inc. and did acknowledge that he, being authorized so to do, executed the foregoing Lease on behalf of The Hebrew Home of Greater Washington, Inc. for the purposes therein contained.

AS WITNESS my hand and Notarial Seal.

Katherine K. Kertel  
 Notary Public

My commission expires: 7/1/90

0075q